

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
SPECIAL TELECONFERENCE MEETING

Location of Meeting
11th Floor Commissioner's Office, State Office Building
Willoughby Avenue, Juneau, Alaska

MINUTES OF
August 23-24, 2007

Thursday, August 23, 2007

CALL TO ORDER

CHAIR GAIL SCHUBERT called the special teleconference meeting of the Alaska Retirement Management Board (ARMB) to order at 8:30 a.m.

ROLL CALL

Seven ARMB trustees were present at roll call to form a quorum.

ARMB Board Members Present

Gail Schubert, *Chair*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Commissioner Patrick Galvin
Commissioner Annette Kreitzer
Larry Semmens
Mike Williams

ARMB Board Members Absent

Martin Pihl
Tom Richards

Investment Advisory Council Members Present

Dr. William Jennings
Dr. Jerrold Mitchell
George Wilson

Consultants Present

Robert Johnson, outside legal counsel
Michael O'Leary, Callan Associates, Inc.

Department of Revenue Staff Present

Brian Andrews, Deputy Commissioner
Bob Mitchell, Senior Investment Officer
Zachary Hanna, State Investment Officer
Steve Sikes, State Investment Officer
Judy Hall, Board Liaison
Bree Simpson, Asst. State Investment Officer

Department of Law Legal Counsel Present

Mike Barnhill, Assistant Attorney General

PUBLIC MEETING NOTICE

BREE SIMPSON confirmed that proper public meeting requirements had been met.

APPROVAL OF AGENDA

GAYLE HARBO moved to approve the agenda. MIKE WILLIAMS seconded. The agenda was approved without objection.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

There was no one who wished to address the Board.

EXECUTIVE SESSION - Consideration of SBS Supplemental Annuity Plan Investment Options

GAYLE HARBO moved that the Alaska Retirement Management Board go into executive session for the consideration of matters the knowledge of which may have an immediate financial impact on the retirement fund, per AS 44.62.310(c)(1), pertaining to the Open Meetings Act. MIKE WILLIAMS seconded.

The motion carried unanimously on a roll call vote.

The public teleconference connection was disconnected and Board trustees, staff, legal counsel, IAC members and the consultant reconnected using a different code in order to meet in executive session. The executive session started at 8:40 a.m. and concluded at 10:41 a.m.

RECESS

CHAIR SCHUBERT immediately recessed the meeting until 3:00 p.m. August 24.

Friday, August 24, 2007 - CALL BACK TO ORDER

CHAIR SCHUBERT called the meeting back to order at 3:03 p.m. Trustees Galvin, Harbo, Kreitzer, Schubert, Semmens, Trivette and Williams were present.

EXECUTIVE SESSION - Consideration of SBS Supplemental Annuity Plan Investment Options

GAYLE HARBO moved that the Alaska Retirement Management Board go into executive session for the same reason stated the previous day. SAM TRIVETTE seconded.

The motion carried unanimously on a roll call vote.

The public teleconference connection was disconnected and Board trustees, staff, legal counsel, IAC members and the consultant dialed back in using a different code in order to meet in executive session.

BOARD ACTION

COMMISSIONER KREITZER moved that the Alaska Retirement Management Board terminate the Daily Government/Corporate Bond Fund contract with State Street Global Advisors as soon as possible. SAM TRIVETTE seconded.

Roll call vote

Ayes: Harbo, Kreitzer, Williams, Semmens, Trivette, Schubert.

Nays: None

The motion passed unanimously, 6-0. (Commissioner Galvin was on line immediately prior to the vote but did not respond to the roll call.)

COMMISSIONER KREITZER moved that the Alaska Retirement Management Board amend the contract with Barclays Global Advisors to add a Government/Corporate Passive Index Fund to replace the State Street Global Advisors Daily Government/Corporate Bond Fund. GAYLE HARBO seconded.

Roll call vote

Ayes: Trivette, Semmens, Williams, Kreitzer, Harbo, Galvin, Schubert

Nays: None

The motion passed unanimously, 7-0.

COMMISSIONER KREITZER moved that the Alaska Retirement Management Board direct staff to implement as soon as possible procedures including stopping inflows while permitting outflows of the Daily Government/Corporate Bond Fund contract with State Street Global Advisors. GAYLE HARBO seconded.

Roll call vote

Ayes: Williams, Harbo, Kreitzer, Galvin, Semmens, Trivette, Schubert

Nays: None

The motion passed unanimously, 7-0.

COMMISSIONER GALVIN inquired if the Board's actions implied direction to staff on liquidating one fund and transferring the assets. CHAIR SCHUBERT said she thought it was inferred and she would leave it up to staff.

BOB MITCHELL made it clear that the State Street Global Advisors (SSgA) contract was for the Daily Government/Corporate Bond Fund and the S&P 500 Stock Index Fund, and the Board's action terminated one piece of that contract.

COMMISSIONER KREITZER stated that the understanding among the people at the Juneau location was that all three of the motions incorporated the termination of SSgA, starting the new account at Barclays, and the notice that the Department of Administration has to do.

BOB MITCHELL asked if the transfer of the SBS Annuity Plan participants' money from SSgA to Barclays was included.

MIKE BARNHILL said he thought it was included in the motion to stop the inflow of assets to the SSgA fund while allowing the outflows.

BOB MITCHELL said he understood that motion to mean that it only stopped participants from putting money into the SSgA Daily Government/Corporate Bond Fund during the transition.

COMMISSIONER GALVIN moved that the Alaska Retirement Management Board direct staff to act as soon as possible to take necessary action to transfer all funds from the State Street Global Advisors Daily Government/Corporate Bond Fund into the newly established Barclays Global Advisors Government/Corporate Passive Index Fund. MIKE WILLIAMS seconded.

COMMISSIONER KREITZER inquired if this required amending the contract with Great

West as well. BOB MITCHELL suggested adding "or take any necessary action with Great West that may be needed to facilitate this."

COMMISSIONER GALVIN accepted the additional wording as a friendly amendment.

Roll call vote (on motion as amended)

Ayes: Semmens, Trivette, Kreitzer, Williams, Harbo, Galvin, Schubert

Nays: None

The motion passed unanimously, 7-0.

COMMISSIONER GALVIN requested that the Board look to Chair Schubert, Commissioner Kreitzer and him to put together a press release about why the Board took this action, for distribution as soon as possible after the notices go out to the individual members.

When queried by the Chair, the other trustees indicated that the recommendation was acceptable to them.

COMMISSIONER KREITZER asked if the Board needed to pass a motion asking the Department of Law to investigate legal options the ARMB may have as a result of the actions it took at this meeting.

CHAIR SCHUBERT said she had noted that question as well but did not think it had to necessarily be in the form of a motion. She asked Mr. Johnson for his advice. MR. JOHNSON replied that since this is a public body on that he was not sure that it would be particularly helpful to actually have in the form of a resolution at this point. He added that the Attorney General's Office is well set to investigate such issues as are appropriate.

COMMISSIONER GALVIN asked the Board's legal counsel to participate as much as possible with staff over the course of the next week to identify what information would be helpful in that claim and to insure that that information is secured and available to them as they look at this issue in the future. MIKE BARNHILL noted that request.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD

BOB MITCHELL reported that staff has a prepared contract amending Barclays existing contract, which Barclays has executed but which requires the Chair's signature and Commissioner Galvin's signature to be fully executed.

MR. BARNHILL stated that a statute allows them to delegate signing to the Treasury Division.

CHAIR SCHUBERT asked that either Treasury or the Vice Chair sign on her behalf, unless the document could be sent to her electronically in Anchorage in the next few minutes. MR. TRIVETTE indicated he would be available as a backup signer.

PUBLIC/MEMBER COMMENTS

COMMISSIONER GALVIN expressed appreciation for the Board's flexibility in responding to this matter. He said he intended to point out in the press release that the ARMB was the first institutional investor to pull out of the SSgA Government/Corporate Passive Index Fund, and that is a reflection on both staff bringing it to management's attention and the Board's quick action in getting together and taking this action. It was all to the benefit of the beneficiaries.

On behalf of the Board, CHAIR SCHUBERT thanked staff and legal counsel, as well as the IAC members and Mr. O'Leary, for the quick work they did on this matter.

ADJOURNMENT

THERE BEING NO OBJECTION AND NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED AT 4:16 P.M. ON AUGUST 24, 2007, ON A MOTION MADE BY MS. HARBO AND SECONDED BY MR. WILLIAMS.



Chair of the Board of Trustees
Alaska Retirement Management Board

ATTEST:



Corporate Secretary

Note: The summary minutes are extracted from a tape recording of the meeting and are prepared by an outside contractor. The tape of the meeting is on file at the ARMB office.

Confidential Office Services
Karen Pearce Brown
Juneau, Alaska